

BEFORE THE
ILLINOIS COMMERCE COMMISSION

**TIME WARNER TELECOM
OF ILLINOIS LLC**

Application for a certificate of
local authority to operate as a
facilities based carrier of
telecommunications services in
the State of Illinois.

OFFICIAL FILE

I.C.C. DOCKET NO. 00-0232

Exhibit No. 1

Witness

Date 4/13/00 Reporter DK

TESTIMONY OF MARSHA ROCKEY SCHERMER

Q. Please provide the name, address, telephone, and fax number of the person at your company that will be responsible for working with the Commission's Consumer Services Division for complaint resolution.

A. **Mark A. Titus**
Regional Vice President, Midwest Region
Suite 580
250 East 96th Street
Indianapolis, IN 46240
317-713-8910 - telephone
317-713-8999 - facsimile
mark.titus@twtelecom.com

Q. Is your company seeking any waivers or variances of certain Commission rules and regulations in this proceeding that pertain to local exchange service? Please provide evidence as to why your company is seeking any waiver or variance.

A. **Yes. Applicant requests a waiver of 83 Ill. Adm. Code Part 710 to permit it to continue to use its current accounting system. As detailed below in response to the financial questions, Applicant currently utilizes a system of accounts in conformity with Generally Accepted Accounting Principles ("GAAP"), consistent with the principles embodied in the provisions of the Uniform System of Accounts ("USOA"). Additionally, as set forth below, Applicant seeks a waiver from 83 Ill. Adm. Code Part 735. To allow Applicant to compete effectively in Illinois, it also may be necessary for Applicant to request additional waivers and variances in the future. Accordingly, Applicant reserves the right to seek additional waivers and variances.**

- Q. Will your company comply with 83 Illinois Administrative Code Part 772, Pay-Per-Call Services, including Part 772.55(a)(1), Billing and Part 772.199(d) Notices?
- A. **N/A. Applicant will not be providing Pay-Per-Call services.**
- Q. Will your company comply with 83 Illinois Administrative Code Part 705, Preservation of Records of Telephone Utilities?
- A. **Yes.**
- Q. Will your company abide by 83 Illinois Administrative Code Part 735, "Procedures Governing the Establishment of Credit, Billing, Deposits, Termination of Service and Issuance of Telephone Directories for Telephone Utilities in the State of Illinois"?
- A. **Applicant seeks a waiver from Part 735. Applicant uses an outside vendor and internal billing experts to bill for its services. Applicant's billing practices will conform to the Commission's rules and Illinois law where applicable. Moreover, based upon the nature of Applicant's service offerings, it requests a waiver of the requirement that it publish and distribute directories to its customers as described in Part 735.180.**
- Q. Who will provide customer repair service for your company?
- A. **Applicant will provide customer repair service via the Network Operations Center, as described in its Application, and with local technicians.**
- Q. How many people does the company employ?
- A. **Time Warner Telecom, Inc., employs 1,288 people.**
- Q. Will your company meet the requirements as they pertain to the Telephone Assistance Programs imposed by Sections 13.301 and 13.301.1 of the Illinois Public Utilities Act and 83 Illinois Administrative Code Part 757?
- A. **N/A. Applicant will not offer local exchange services and does not intend to seek status as an eligible telecommunications carrier.**
- Q. Will your company solicit, collect and remit the voluntary contributions from its telephone subscribers to support the Telephone Assistance Programs?

- A. **N/A. Applicant will not offer local exchange services and does not intend to seek status as an eligible telecommunications carrier.**
- Q. Does your company plan on filing to become an eligible telecommunications carrier?
- A. **No.**
- Q. Does the Company realize that it will not be able to receive any of the federal reimbursements for the Lifeline and Link Up Programs if it is not an eligible carrier?
- A. **Yes.**
- Q. Will your company offer all of the waivers associated with the Universal Telephone Service Assistance Programs (UTSAP)?
- A. **N/A. Applicant will not offer local exchange services and does not intend to seek status as an eligible telecommunications carrier.**
- Q. Will your company abide by the regulations as prescribed in 83 Illinois Administrative Code Part 755, "Telecommunications Access for Persons with Disabilities," 83 Illinois Administrative Code Part 756 "Telecommunications Relay Service," and Sections 13-703 of the Illinois Public Utilities Act?
- A. **Yes.**
- Q. Will the company's billing system be able to distinguish between resale and facilities based service for the collection of the ITAC line charge?
- A. **N/A. Applicant will not offer local exchange services and does not intend to seek status as an eligible telecommunications carrier.**
- Q. Has your company signed and returned the Universal Telephone Assistance Corporation ("UTAC") and the Illinois Telecommunications Access Corporation ("ITAC") to Commission staff?
- A. **N/A. Applicant will not offer local exchange services and does not intend to seek status as an eligible telecommunications carrier.**
- Q. Please describe your company's internal process for complaint resolution, the escalation process with your company, and when a customer is notified that they may contact the Illinois Commerce Commission for assistance.

- A. Applicant's Network Operation Center is the central point of contact for business customer ordering of telecommunications services, provisioning of services, and billing, collections and network surveillance and management. The Network Operations Center is staffed by over 250 personnel who will handle the majority of complaints. To the extent that complaints cannot be handled by Network Operations Center personnel, complaints will be referred to supervisors and technical experts. Typically, the sales force in the local market serves as a continuing customer contact. Applicant will notify customers via a bill insert or bill message that they may contact the Illinois Commerce Commission for assistance.**
- Q. Will the company file tariffs for all services and charges associated with providing local service?**
- A. Yes.**
- Q. How does your company plan to solicit customers once it begins to provide local service?**
- A. Applicant plans to solicit customers directly through its own sales representatives and through general advertising. Applicant also expects to receive referrals from current customers in other existing local markets.**
- Q. Will your company abide by federal and state slamming laws?**
- A. Yes.**
- Q. Does your company have written guidelines to prevent the unauthorized slamming of local exchange customers?**
- A. No. Applicant currently is developing written guidelines to prevent unauthorized slamming.**
- Q. Has your company provided service under any other name?**
- A. Applicant has not provided service in Illinois under any other name. Time Warner Telecom Inc., has provided service in other jurisdictions under other names (Time Warner Cable, Time Warner Telecom LLC, and TW Telecom Merger Corporation).**
- Q. Have any complaints or judgements been levied against the company? (In-state, out-of-state, or FCC).**

A. No.

FINANCIAL QUESTIONS

Q. (Answer if requesting waiver of Part 710) What circumstances warrant a departure from the prescribed Uniform System of Accounts ("USOA")?

A. Applicant requests a waiver of Part 710 because the Applicant believes the Commission will be able to access and monitor the Applicant's financial condition through its current accounting system. Applicant's current accounting system is maintained in accordance with Generally Accepted Accounting Principles ("GAAP"). Applicant's use of GAAP results in an accounting system that accurately reflects its financial condition. It would be unduly burdensome if Applicant, for the purposes of its application, was required to report financials using the USOA.

Q. Will records be maintained in accordance with Generally Accepted Accounting Principles ("GAAP")?

A. Yes. Applicant utilizes a system of accounts in conformity with GAAP, consistent with the principles embodied in the provisions of USOA. Applicant's financial statements are audited on a yearly basis by an independent accounting firm. Applicant currently uses GAAP principles in all of its other accounts. Thus, requiring Applicant to adopt a different system for Illinois would cause it undue hardship. If allowed to use this alternative procedure, Applicant will be able to maintain uniformity among its own accounts. Moreover, allowing Applicant to use GAAP accounting principles will allow the Commission to compare financial accounts of other telecommunications companies using GAAP.

Q. Will applicants accounting system provide an equivalent portrayal of operating results and financial condition as the USOA?

A. Yes. See response to question above.

Q. Will applicant maintain its records in sufficient detail to facilitate the calculation of all applicable taxes?

A. Yes. Applicant's internal tax manager currently is working with outside tax advisors and others to access the appropriate level of detail in its records that will allow it to most effectively facilitate the calculation of all applicable taxes.

- Q. Does the accounting system currently in use by applicant provide sufficiently detailed data for the preparation of Illinois Gross Receipts Tax returns? What specific accounts or sub-accounts provide this data?
- A. Yes. Applicant's internal tax manager is working with outside tax advisors and others to ensure compliance with industry tax regulations. Applicant currently is developing these accounts and sub-accounts. As currently envisioned, separate accounts will be established to track all income and expense on a state-specific basis.
- Q. If a waiver of Part 710 is granted, will applicant provide annual audited statements or all periods subsequent to granting of the waiver?
- A. Yes.
- Q. Does applicant agree that the requested waiver of Part 710 will not excuse it from compliance with future Commission rules or amendments to Part 710 otherwise applicable to the Company?
- A. Yes.

911 QUESTIONS

- Q. Please provide the name, address, telephone and fax number of the 911 contact person for your company.
- A. **Judy Graham**
National Director-Security/Law Enforcement
10475 Park Meadows Drive
Littleton, CO 80124
303-566-5885 - telephone
303-566-1010 - facsimile
judy.graham@twtelecom.com

Applicant requests a waiver from 911 access requirements because Applicant will not offer local switched services and, thus, will not access the public switched telecommunications network. Applicant understands that if it seeks to alter its service offerings in the future to include local switched services, so as to access the public switched telecommunications network, it will be required to comply with all 911 access requirements.